

IFR INDIA CAPITAL MARKETS BRIEFING

■ JULY 28 2011

PAGE 1

RUPEE BONDS

BOOKRUNNERS: 1/1/2011 TO 21/7/2011

Managing bank or group	No. of issues	Total Rs(m)	Share (%)
1 ICICI Bank Ltd	72	187,504.8	21.8
2 Axis Bank Ltd	60	131,268.2	15.3
3 Yes Bank Ltd	25	54,302.9	6.3
4 Barclays Capital	32	46,453.1	5.4
5 Standard Chartered	23	43,479.2	5.1
Total	221	860,659.4	

Source: Thomson Reuters (SDC code: AS23)

INDIA SYNDICATED LOANS

BOOKRUNNERS: 1/1/2011 TO 21/7/2011

Managing bank or group	No. of issues	Total Rs(m)	Share (%)
1 State Bank of India	39	15,546.7	41.1
2 Axis Bank	16	5,174.5	13.7
3 IDBI Bank	7	2,951.2	7.8
4 L&T Infra Finance	1	2,606.3	6.9
5 ICICI Bank	5	1,425.9	3.8
Total	100	37,868.9	

Source: Thomson Reuters (SDC code: S10e)

INDIA EQUITY AND EQUITY-RELATED

BOOKRUNNERS: 1/1/2011 TO 21/7/2011

Managing bank or group	No. of issues	Total Rs(m)	Share (%)
1 Bank of America Merrill Lynch	4	2,502.6	34.1
2 Citi	6	575.5	7.9
3 State Bank of India	5	458.3	6.3
4 ICICI Bank Ltd	4	439.6	6.0
5 JM Financial Group	4	365.4	5.0
Total	51	7,335.3	

Source: Thomson Reuters (SDC code: C11)

To find out how you can generate League Tables and analyse investment banking and deal trends take a look at ThomsonONE.com Investment Banking and SDC Platinum.

TOP STORY

The loan markets continue to come to the rescue of big-ticket project financings in India's infrastructure sector. Sole bookrunner **SBI Capital Markets** has enlarged the jumbo project finance loan for **VEDANTA ALUMINIUM** to a new high, making it the largest such facility since 1995. On July 22, the company signed a Rs161.5bn (US\$3.7bn) term loan on top of a Rs97.25bn letter of credit, taking the total borrowing to Rs258.75bn. The term loan includes a Rs100bn facility that SBI Caps wrapped up in mid-June.

India's largest project finance loan remains that of Rain Calcining, which borrowed Rs338.55bn in August 1995, according to Thomson Reuters data.

Vedanta's loan drew 13 new lenders to bring in an additional Rs61.5bn. The Rs161.5bn is now allocated to 23 lenders, while 21 of them took up the three-year LC. The term loan has a door-to-door maturity of 10 years and an average life of 6.5. The loan is linked to the SBI base rate of 9.5%.

Proceeds will be used to finance a 1m tonnes per annum alumina refinery with a 75-megawatt co-generation captive power plant at Lanjigarh and a 1.60m tpa aluminium smelter with 1,215-MW captive power plant at Jharsuguda in Orissa in eastern India. The total project cost is Rs283bn. Construction of the plant is expected to be completed by March 31 2013.

EQUITIES

Loss-making **SKS MICROFINANCE** has sought approval from shareholders for a Rs9bn (US\$204m) QIP. **Citigroup**, **Credit Suisse** and **Kotak Mahindra**, which were involved in the company's IPO last year, are likely to be in the race for the new mandate.

SKS on Tuesday posted a loss after tax of Rs2.2bn for the quarter ended June 30 as opposed to a profit after tax of Rs666.97m a year earlier. Total income decreased from Rs31bn for the quarter ended June 30 2010 to Rs1.8bn for the quarter ended June 30 2011.

The stock has been on the rise after the Ministry of Finance released a draft of proposed laws for the country's microfinance industry, empowering the RBI to set a national standard. This was good news for the stock as the company's business was suffering in key states, such as Andhra Pradesh, which cracked down on the industry following a series of suicides among MFI borrowers.

Still, this QIP will be a tough deal for banks to execute as the bill empowering RBI will only be tabled for parliamentary approval in the monsoon session beginning August 1, and few expect final legislation to be in place before the end of the year.

L&T FINANCE has raised Rs1.53bn from the sale of 27.33m shares at Rs56 to three anchor investors – DSP BlackRock and the investment arms of Khazanah and Capital Group. This particular sale forms part of its Rs12.45bn IPO. The bookbuilding for the public portion of the offering opened on July 27 and closes on July 29. The price band on the IPO is Rs51–Rs59.

The IPO was about 0.12 times covered as of 1400 India time on July 27, but, as is usual for Indian floats, most of the demand is expected only on the last day of bookbuilding.

Earlier, the company raised Rs3.3bn through a private pre-IPO placement of 60m shares at Rs55. As such, the anchor-investor portion was priced slightly above the pre-IPO placement level. **Citigroup**, **HSBC** and **JM Financial** were the joint global co-ordinators on the transaction, as well as joint bookrunners with **Barclays** and **Credit Suisse**.

BONDS

With yields touching new highs on Wednesday, new issues in the corporate bond market are looking thin on the ground. **TUBE INVESTMENTS OF INDIA** is one of the few in the market, having fixed the price of a Rs1bn (US\$22.7m) five-year bond before the RBI rate hike at 9.85%. If the issue had priced after the rate hike, the issuer would have paid at least 10bp more than the current level, but bankers expect the issue to sail through on Tube's reputation and scarcity value. The issue, which Crisil rates AA, has a put/call option at the end of year three. **Kotak Mahindra Bank** is sole arranger.

IFR INDIA CAPITAL MARKETS BRIEFING

■ JULY 28 2011

PAGE 2

EDITORIAL ENQUIRIES

Manju Dalal
+65 6417 4551
manju.dalal@thomsonreuters.com

SUBSCRIPTION ENQUIRIES

EMEA
+44 20 7369 7317
rm.emeasales@thomsonreuters.com

ASIA-PACIFIC
+852 3762 3336
rm.apsales@thomsonreuters.com

JAPAN
+813 5218 7687
rm.jpsales@thomsonreuters.com

US
+646 223 4878
rm.usasales@thomsonreuters.com

CLIENT SUPPORT

+44 20 7369 7323
rm.clientsupport@thomsonreuters.com

MARKETING

+44 20 7369 7855
rpp.marketing@thomsonreuters.com



Incorporating project finance
content from PFI

The 10-year government benchmark touched the highest level in 34 months on Wednesday, a day after the Reserve Bank of India's higher-than-expected hike of 50bp in the repo rate. The 10-year yield hit 8.48% in the morning, its highest since October 1 2008 after jumping 15bp net on Tuesday immediately after the central bank's rate hike was announced. The yields in the secondary bond markets have also moved up by 10bp–15bp.

LOANS

A roadshow for the five-year bullet loan for India's **RURAL ELECTRIFICATION CORP** has been scheduled for Hong Kong and Singapore on August 8–10. The loan has been increased in size to US\$300m from the original US\$200m and is expected to be launched next week.

The four MLAs and bookrunners – ANZ, *Bank of Tokyo-Mitsubishi UFJ*, *Mizuho Corporate Bank* and *Sumitomo Mitsui Banking Corp* – have equally underwritten the deal. Funds are for onlending to India's state electricity boards.

Last September, the borrower secured a US\$400m five-year bullet loan enlarged from US\$200m. BTMU and State Bank of India were the MLAs and bookrunners. Mizuho and SMBC joined as MLAs before general syndication. The loan offered a top-level all-in of 170bp via a margin of 139bp over Libor.

PIPELINE

DEBT

- July – **Bharti Airtel** US\$1bn 10-year Reg S/144a. Barclays Capital, BNP Paribas, Credit Agricole, Deutsche Bank, HSBC, Standard Chartered, UBS
- July – **Aegis** US\$ Reg S/144a. Deutsche Bank, Standard Chartered, UBS
- July – **Ballarpur Industries** US\$300m 5, 10-year. HSBC, RBS
- July – **IDBI Bank** Swiss francs. BNP Paribas, Credit Suisse, UBS
- July – **Axis Bank** US\$. Barclays Capital, Citigroup, Deutsche Bank, HSBC, JP Morgan, Standard Chartered
- August – **Indian Bank** US\$300m–\$500m. Citigroup, HSBC, RBS, Standard Chartered
- 2H 2011 – **Allahabad Bank** US\$500m. HSBC, JP Morgan, RBS, StanChart
- 2H 2011 – **Indian Railway Finance Corp** US\$200m–\$300m. BAML, Barclays Capital, Citigroup, Deutsche Bank, JP Morgan
- 2H 2011 – **Rural Electrification Corp** Samurai. Barclays Capital, Deutsche Bank, Mitsubishi UFJ Morgan Stanley, Nomura
- 2H 2011 – **Rural Electrification Corp** Swiss francs. Credit Suisse, Deutsche Bank, RBS, UBS
- 2H 2011 – **Rural Electrification Corp** US\$750m
- 2H 2011 – **Tata Motors** US\$ hybrid. Credit Suisse, Standard Chartered
- 2H 2011 – **Infrastructure Development Finance Co** US\$.
- 2H 2011 – **Union Bank of India** US\$500m Reg S
- 2H 2011 – **UCO Bank** US\$ Reg S

EQUITY

- July – **Tata Autocomp** Up to Rs11bn (US\$245m) IPO. JM Financial, Tata Capital, JPM
- July – **BHEL** Up to US\$1.5bn IPO.
- July – **L&T Finance** Up to Rs14.5bn (US\$326m) IPO. Citigroup, HSBC, JM Financial
- September – **Oil & Natural Gas Corp** Up to US\$3bn FPO. BofA Merrill, Citi, HSBC, JM, MS, Nomura
- September – **Bajaj Finance** Up to Rs3.6bn QIP. JM Financial, IIFL Capital
- 2011 – **Steel Authority of India** Up to Rs70bn FPO. DB, Enam, HSBC, JPM, Kotak, SBI Cap
- 2011 – **Indian Bank** Up to Rs15bn FPO
- 2011 – **Abhijeet Power** Up to Rs15bn (US\$332m) IPO. Axis, BofAML, enam, IDFC, SBI Cap, UBS
- 2011 – **Reid & Taylor** Up to US\$250m IPO. Antique, edelweiss, HSBC, IDBI Cap, JM, JPM, Religare, UBS
- 2011 – **State Bank of India** Up to Rs200bn Rights Issue
- 2011 – **Bharti Infratel** Up to US\$1bn IPO Standard Chartered, Morgan Stanley
- 2011 – **Indian Overseas Bank** Up to Rs12bn QIP, FPO